



Rhode Island Department of Revenue Division of Taxation

RHODE ISLAND TAX AMNESTY: FREQUENTLY ASKED QUESTIONS (FAQs)



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Introduction

Legislation approved by the Rhode Island General Assembly during its 2017 session, and signed into law by Governor Gina M. Raimondo on August 3, 2017, authorized a state tax amnesty.¹

Under the new law, the amnesty is to run for 75 days, through February 15, 2018. The new law authorizes the Tax Administrator to promulgate such rules and regulations as are necessary to implement the provisions of amnesty.

This publication does not represent a formal regulation or ruling. Rather, it provides a plain-language summary of what amnesty is, how it will work, and how it will affect you.

¹ See Rhode Island Public Law 2017, chapter 302, article 8, section 17, "Rhode Island Tax Amnesty Act of 2017."

List of questions

(Note: Each question in the following list has a hyperlink. So if you click on the question, you will be taken directly to the answer. The hyperlink may not work in all browsers.)

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Questions and answers

The basics

1. What is tax amnesty?

It's a unique opportunity for you to get a fresh start. Pay what you owe in delinquent Rhode Island state taxes – no matter the type of tax. In exchange, we at the Rhode Island Division of Taxation will waive penalties and reduce the amount of interest we'd normally charge. The tax amnesty is authorized in legislation approved by the General Assembly and signed into law by Governor Gina M. Raimondo in August 2017.

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2. When is tax amnesty?

If you are seeking amnesty, you must file a "Tax Amnesty Return" – in other words, a tax amnesty application form (see snapshot at right).

On Friday, December 1, 2017, we will begin accepting Tax Amnesty Returns and related paperwork (as described elsewhere in this publication). Completed and signed Tax Amnesty Returns and related paperwork, including payments, are due on or before Thursday, February 15, 2018.

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3. To whom does the amnesty apply?

Any person, corporation, or other entity that is subject to Rhode Island tax may apply – resident or nonresident – no matter where that person, corporation, or other entity is located. Rhode Island's tax amnesty program is also open to non-filers.

The image shows a form titled "State of Rhode Island and Providence Plantations, Department of Revenue, Division of Taxation, One Capitol Hill, Providence, RI 02908-5800, TAX AMNESTY RETURN (General information and instructions on back)". The form includes sections for taxpayer information, tax type, and a table for indicating tax periods and amounts due. It also contains a section for signing the application and a declaration of the taxpayer's knowledge of the form's contents.

Section I: Type or Print Name, Mailing Address and Tax Identification Number.

Taxpayer name: _____ Social security # or federal identification #: _____ Sales tax permit #: _____

Spouse's name (if joint income tax application): _____ Spouse's social security #: _____

Business name (if different from above): _____

Mailing address (include apt., office or unit #, if any): _____

City, town, or post office: _____ State: _____ ZIP Code: _____

In case additional information is needed, provide a name (if different from the taxpayer listed above) and telephone number where we may reach you weekdays between the hours of 9:30 a.m. and 3:30 p.m.: _____

Name: _____ Telephone number: _____

Section II: Indicate Tax Period, and Amounts Due for Each Period

| Tax type | Period of return | | Enter tax amount | Enter interest amount | Enter Total Add Columns C + D |
|--|------------------|--------|------------------|-----------------------|-------------------------------|
| | Beginning | Ending | | | |
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. Totals. For each column, add amounts from lines 1 through 6. | | | | | |
| 8. Totals from continuation sheet. Check <input type="checkbox"/> if additional sheets attached. | | | | | |
| 9. Original Amount Due. For each column, add lines 7 and 8. | | | | | |
| 10. Interest at 75%. Multiply interest from Column D, line 9 by 75% (0.75). | | | | | |
| 11. Total Due from periods not reported on Amnesty ROR. For Column C, enter amount from line 9. For Column D, enter amount from line 10. | | | | | |
| 12. Amount Due from Amnesty Statement of Account (SOA). | | | | | |
| 13. Total Amnesty Amount Due. For each column, add lines 11 and 12. | | | | | |

Section III: Sign this application

Under penalties of perjury, I declare that I have examined this form, including any accompanying returns and schedules, and to the best of my knowledge they are correct and complete. I also declare that to the best of my knowledge I am not under criminal investigation, or a party to any civil or criminal litigation pending in any court of the United States or the State of Rhode Island for fraud relative to any state tax collected by the Tax Administrator.

Signature of taxpayer or authorized agent: _____ Date: _____

Spouse's signature (if joint income tax application): _____ Date: _____

Title of authorized agent: _____

I apply for the amnesty on the items listed above, and enclose a payment of: \$ _____

If corporation, signature of authorized officer: _____ Date: _____

Title: _____

Form 3806 9/14/2017

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4. Which taxable periods are covered by the amnesty program?

Under the law, the term “taxable period” means any period for which a tax return is required by law to be filed with the Tax Administrator.

Rhode Island's tax amnesty applies for any taxable period that ended on or before December 31, 2016 – regardless of when the payment or the return was due.

For example:

- Amnesty covers employer withholding tax for the period ended December 31, 2016 – even though payment was not due until January 2017.
- Amnesty covers personal income tax for the period ended December 31, 2016 – even though final payment was not due until April 2017.

Earlier taxable periods are also covered under amnesty.

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5. What types of delinquent tax may qualify for the amnesty?

The law specifically says that the amnesty is available “for all taxpayers owing any tax.”

Therefore, all Rhode Island state taxes are eligible – including, but not limited to, the following (listed in alphabetical order):

- bank excise tax
- cigarette tax
- corporate income tax
- estate tax
- insurance tax
- motor fuel tax
- personal income tax
- political organization tax
- public service corporation tax
- sales tax
- temporary disability insurance tax
- tobacco tax (OTP)
- unemployment insurance tax
- use tax
- withholding

When does amnesty begin?

Technically, amnesty begins on December 2, 2017. But that falls on a Saturday.

As a result, for convenience, the Division of Taxation has announced that it will begin accepting Tax Amnesty Returns (and related documents, as described elsewhere in this publication) on Friday, December 1, 2017.

(Keep in mind that the final deadline for all amnesty filings and payments is Thursday, February 15, 2018.)

In addition, amnesty applies to all fees that we at the Division of Taxation administer.² For example, in general, a limited liability company (LLC) or a partnership must file an annual information return with us and pay an annual fee, an annual charge.³ That annual fee, or annual charge, is covered under amnesty.

Overall, we administer more than 50 different tax types and fees – and they're all covered under amnesty.

⇒ Keep in mind that if you owe “employer taxes” – including, but not limited to, Rhode Island state unemployment insurance tax, job development fund (JDF) tax, and TDI – amnesty is available, but you must contact the Division of Taxation's Employer Tax section at (401) 574-8700.

Once you receive the details from the Employer Tax section about how much you owe in employer taxes, and the amount due under amnesty, you must file a Tax Amnesty Return and a bank check or money order separate from any other Rhode Island tax for which you are seeking amnesty. (Please see the following example.)

Example:

XYZ Corp. owes Rhode Island corporate income tax for 2014 and also owes Rhode Island state unemployment insurance and related employer taxes for 2014. After contacting the Division of Taxation's Employer Tax section, XYZ takes the following two steps:

Step #1: For the corporate income tax, XYZ Corp. files a completed and signed Tax Amnesty Return, completed Amnesty Bill Coupon, and a completed and signed corporate income tax return for 2014. It also sends a bank check or money order for the corporate income tax and interest due under the terms of amnesty.

Step # 2: For the employer taxes, XYZ Corp. files a completed and signed Tax Amnesty Return and a completed and signed employer tax return for 2014, and sends a bank check or money order for the amount of employer tax and interest due under the terms of amnesty.

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² “All fees” means all required fees that are associated with a taxable period.

³ Typically, an LLC or partnership treated as a pass-through entity for federal income tax purposes files a Rhode Island return on Form RI-1065. The annual fee, or annual charge, was \$500 for tax year 2015, \$450 for tax year 2016, \$400 for tax year 2017 and later. (Keep in mind that amnesty applies only for taxable periods ended on or before December 31, 2016.)

6. What's in it for me?

If you pay what you owe during amnesty:

- We'll waive all related penalties;
- We'll reduce the interest by 25 percent;
- We won't seek civil or criminal prosecution related to those taxes;
- Your professional license, driver's license, motor vehicle registration, or sales tax permit won't be blocked due to those taxes; and
- You'll have peace of mind.

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Mass mailing

7. Will I receive anything in the mail?

We plan to do a mailing in November 2017, before amnesty begins.


1.) STATEMENT OF ACCOUNTS

Each mailing will include an account statement, a bill, which we call a "Statement of Accounts." (To get an idea of what it looks like, please see the snapshot below. It's of a blank form before we filled it out.)

| | | | |
|---|---|---|--------------------------|
|  | State of Rhode Island and Providence Plantations DIVISION OF TAXATION One Capitol Hill Providence, RI 02908-5800 |  | Phone: Fax: Email: |
| <Mail Date> | | | |
| STATEMENT OF ACCOUNTS ELIGIBLE FOR AMNESTY 2017 | | | |
| [NAME] | | | |


2.) AMNESTY BILL COUPON

Each mailing will include a payment coupon, which we call an "Amnesty Bill Coupon." (To get an idea of what it looks like, please see the snapshot below. It's of a blank form before we filled it out. You'll find the finished version attached to your Statement of Accounts.) If you pay what you owe by bank check or money order, be sure to file the Amnesty Bill Coupon along with that check so that we promptly and accurately credit the payment to your account.

| | |
|---|--|
| -----Detach----- | |
| [STATE] [DIVISIONCAP] |  |
| Amnesty Bill Coupon | 14201799990101 |
| Return this coupon with your payment | |
| Make check(s) payable to: Rhode Island [DIVISION] | |
| Include Notice ID [NOTICE ID] on the check | Date: [MAIL DATE] |
| Rhode Island [DIVISION] [AGENCYLINE1] [AGENCYLINE2] | |
| [NAME] | Case ID: [CASE ID] Invoice Number: [INVOICE NUMBER] |
| | Amount Due if Paid by 12/15/17 \$ _____ |
| | Amount Due if Paid by 01/15/18 \$ _____ |
| | Amount Due if Paid by 02/15/18 \$ _____ |
| | Amount Enclosed \$ _____ |
| Attach completed and signed Tax Amnesty Return | |

3.) TAX AMNESTY RETURN

Each mailing will include an amnesty application form, which we call a "Tax Amnesty Return." (A snapshot of a blank Tax Amnesty Return appears earlier in this publication and also appears below.)

| | | |
|--|---|--------------------|
|  | | |
| State of Rhode Island and Providence Plantations | | |
| Department of Revenue Division of Taxation One Capitol Hill Providence, RI 02908-5800 | | |
| TAX AMNESTY RETURN (General information and instructions on back) | | |
| Rhode Island has established a Tax Amnesty Program beginning on December 1, 2017 and ending February 15, 2018. Civil and criminal penalties will be waived for a taxpayer who applies for amnesty during the amnesty period and pays the full amount of tax and seventy-five (75%) percent of interest computed from the original due date to the actual date of payment. | | |
| Section I: Type or Print Name, Mailing Address and Tax Identification Number. | | |
| Taxpayer name | Social security # or federal identification # | Sales tax permit # |
| Spouse's name (if joint income tax application) | Spouse's social security # | |
| Business name (if different from above) | | |
| Mailing address (include apt., office or unit #, if any) | | |
| City, town, or post office | State | ZIP Code |
| In case additional information is needed, provide a name (if different from the taxpayer listed above) and telephone number where we may reach you: _____ | | |

The Tax Amnesty Return is, in essence, the tax return for Rhode Island's amnesty program. Just as you file a Rhode Island personal income tax return for purposes of Rhode Island's personal income tax, so must you file a Tax Amnesty Return for purposes of Rhode Island's tax amnesty. The Tax Amnesty Return comes with complete instructions. If you need a copy, it will be available on the Division of Taxation's special amnesty website: <http://www.TaxAmnesty.ri.gov/>.

Once you've reviewed the information on your Statement of Accounts, fill out the Tax Amnesty Return and sign it, fill out the Amnesty Bill Coupon, and complete and sign any delinquent tax returns that must be filed.

Next, mail to us the following items:

- Your completed and signed Tax Amnesty Return;
- Your completed and signed delinquent tax return(s), if applicable;
- Your completed Amnesty Bill Coupon; and
- A bank check or money order for the amount you owe as shown on your Statement of Accounts.

Example:

John and Jane Taxpayer typically file a Rhode Island resident income tax return each year and pay the amount of Rhode Island personal income tax that's due. However, for tax year 2014, they filed a return but did not pay what they owed.

To take advantage of amnesty, after reviewing their Statement of Accounts, they complete and sign a Tax Amnesty Return, complete an Amnesty Bill Coupon, and obtain a bank check or money order for the amount due under the terms of amnesty. They mail the entire packet to the Division of Taxation, using the address listed on the Tax Amnesty Return.

| Amnesty checklist | |
|---|---|
| When applying for Rhode Island's tax amnesty program, remember to file the following: | |
| Tax Amnesty Return (complete and sign) | ✓ |
| Amnesty Bill Coupon (complete) | ✓ |
| Delinquent tax return(s) (if applicable – and sign and date) | ✓ |
| Bank check or cashier's check (or pay online: credit card, debit card) | ✓ |

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8. As part of amnesty, I need to file a Rhode Island personal income tax return for a prior year. Where can I find Rhode Island tax forms?

They are available at the Division's website: <http://www.tax.ri.gov/taxforms/> or email us: Tax.Forms@tax.ri.gov . If you do not have ready access to the Internet, call our Forms Desk at (401) 574-8970.

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9. Why are there three different amounts on my amnesty Statement of Accounts?

Amnesty runs for 75 days. The interest clock keeps ticking during that period. So the sooner you pay what you owe, the less you'll be charged.

To help you in your planning for amnesty, we're including three dates in each Statement of Accounts that we mail out. The dates are:

- December 15, 2017
- January 15, 2018
- February 15, 2018

For each of those dates in the Statement of Accounts, we've included a dollar amount – an amount that you owe. The December amount is the smallest, the January amount is higher, and the February amount is highest. (That's because interest keeps accumulating, even during amnesty.)

As the following table shows, the sooner you pay, the less it costs. The longer you wait to pay, the more it costs (because interest continues to accumulate).

| Amnesty calculation | | | |
|--|---------------|---------------|---------------|
| <i>How much it will cost when you pay your tax bill in full under amnesty depends on when you pay. The earlier you pay, the lower the amount. The later you pay, the higher the amount (because interest continues to mount up during the amnesty period).</i> | | | |
| Payment date: | Dec. 15, 2017 | Jan. 15, 2018 | Feb. 15, 2018 |
| Tax: | \$ 1,000.00 | \$ 1,000.00 | \$ 1,000.00 |
| Interest: | \$ 225.25 | \$ 236.72 | \$ 248.18 |
| Total: | \$ 1,225.25 | \$ 1,236.72 | \$ 1,248.18 |
| This is an example, using estimates, and is for illustration purposes only. Example assumes taxpayer owes \$1,000.00 in tax, which was not paid when due in April 2016. Interest amounts shown are after amnesty program's 25% interest reduction. Example assumes all penalties have been waived. | | | |

So, as a practical matter:

- If you pay on or before December 15, 2017, make a check out for the December 15, 2017, amount shown on your Statement of Accounts.⁴
- If you can't pay by then, but you can pay on or before January 15, 2018, make a check out for the January 15, 2018, amount shown on your Statement of Accounts.
- If you can't pay by then, but you can pay on or before the February 15, 2018, final amnesty deadline, make a check out for the February 15, 2018, amount shown on your Statement of Accounts.

⇒ None of the dollar amounts on the Statement of Accounts we send you includes Rhode Island state employer taxes, such as state unemployment insurance tax, job development fund (JDF) tax, or temporary disability insurance tax (TDI). For information about amnesty for those taxes, contact our Employer Tax section at (401) 574-8700.

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Payment methods

10. How can I pay my amnesty amount?

You can pay by bank check or money order. (Note: Personal checks are not allowed under the amnesty program.) You'll find the mailing address and other information in the mailing.

If you've lost your mailing, use the following address:

Tax Amnesty
R.I. Division of Taxation
One Capitol Hill
Providence, R.I. 02908-5800

Make your bank check or money order payable to: "Rhode Island Division of Taxation." Include your Social Security number or other tax identification number on all payments. (If you are making payment for employer taxes, such as Rhode Island state unemployment insurance tax, make your bank check or money order payable to: "RIET".)

Paying by check

If you pay, by check, what you owe under amnesty, we will accept only a bank check or a money order. We cannot accept personal checks for amnesty.

For amnesty purposes, a "bank check" or a "money order" also means a treasurer's check or other such draft.

(We will also accept a check written on behalf of a lawyer's client under the "interest on lawyer's trust accounts" (IOLTA) program.)

⁴ The term "check" means a bank check, money order, or other such draft. The Division of Taxation cannot accept personal checks for amnesty.

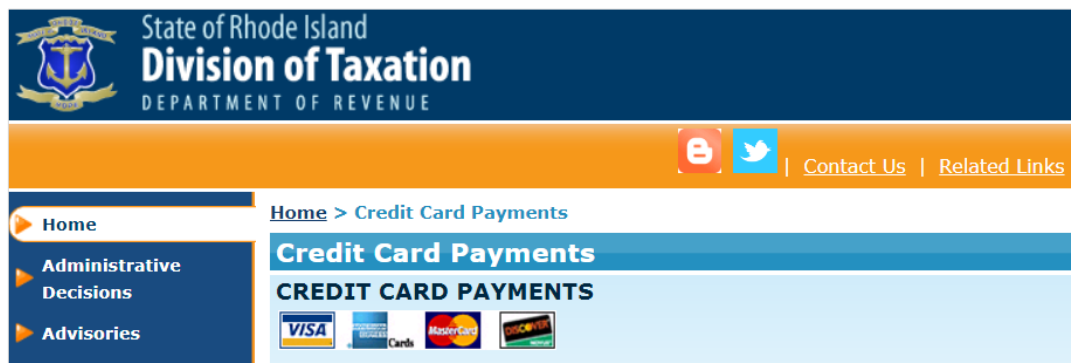
⇒ Amnesty closes on February 15, 2018. Keep in mind that the final deadline for your completed and signed Tax Amnesty Return, completed Amnesty Bill Coupon, completed and signed delinquent tax returns (if applicable), and your payment(s) being submitted for amnesty, all must be filed on or before February 15, 2018. (Also don't forget that you can save money if you file earlier during the amnesty period, as described elsewhere in this publication.)

Bank checks and money orders aren't the only methods for paying under Rhode Island's state tax amnesty program. You also have the option to pay by credit card or debit card. (Please see following question.)

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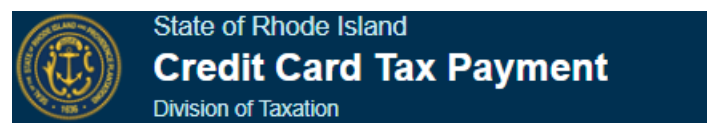
11. Can I pay by credit card or debit card?

Yes. Start with the "Credit Card Payments" section of our website. Here is the link: <http://www.tax.ri.gov/misc/creditcard.php>. A snapshot of the page is below:



Once on our "Credit Card Payments" webpage, you will have the option to navigate directly to the RI.gov credit card and debit card payment page. Here is the link: <https://www.ri.gov/app/taxation/payments>. (See snapshot below)

Keep in mind that fees apply. You will be notified of the fee amount before making your payment. (The fees are charged by a third-party vendor, not by the Division of Taxation; the Division of Taxation does not share in the fee-related revenue.)



When paying by credit card or debit card online, use the invoice number listed on the Statement of Accounts that we send you. Also keep in mind that many, but not all, taxes can be paid online. For example, personal income tax can be paid by credit card or debit card online, but Rhode Island state unemployment insurance tax cannot. For a list of what can and cannot be paid via the online feature, use the following link: <https://www.ri.gov/app/taxation/payments>.

⇒ If you use a credit card or debit card, payment is still due on or before February 15, 2018. Also, you still must complete and file by then all of the required paperwork (as described elsewhere in this publication).

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Example of amnesty savings

12. Can you give an example of how interest will be computed for amnesty?

Suppose that in April 2016, Ethan filed a Rhode Island resident return for tax year 2015, reporting an unpaid balance due of \$1,000. Interest has been accruing at a rate of 18 percent per annum, which works out to 1.5 percent per month.

So as of mid-December 2017, he owes interest for a total of 20 months. At 1.5 percent per month, interest totals 30 percent. Thus, he owes \$300 in interest.

| | Without amnesty | With amnesty |
|------------------------|-----------------|--------------|
| Delinquent tax: | \$ 1,000 | \$ 1,000 |
| Monthly interest rate: | 1.5% | 1.125% |
| Number of months | 20 | 20 |
| Total interest due | \$ 300 | \$ 225 |

Example is for illustration purposes only, uses estimates, and does not include penalties (which are waived in amnesty). All interest calculations are approximate and subject to verification – and potential re-calculation – by Division of Taxation.

However, thanks to Rhode Island's tax amnesty program, the amount of interest that he owes is reduced by 25 percent, or \$75 in this example. Thus, his total interest charge under amnesty would be limited to \$225, resulting in a savings to him of \$75.

But that's not all. Since he filed his return in April 2016, the failure-to-pay penalty has been accruing at a rate of one-half of 1 percent – in other words, 0.50 percent – each month. The penalty is applied to the amount of unpaid tax.

| | Without amnesty | With amnesty | Savings through amnesty |
|-----------------|-----------------|--------------|-------------------------|
| Delinquent tax: | \$ 1,000 | \$ 1,000 | |
| Interest: | 300 | 225 | 75 |
| Penalty: | 100 | 0 | 100 |
| Total due | \$ 1,400 | \$ 1,225 | savings = \$ 175 |

Example is for illustration purposes only, uses estimates, and does not include penalties (which are waived in amnesty). All interest calculations are approximate and subject to verification – and potential re-calculation – by Division of Taxation.

So in this example, his penalty equals 10 percent of \$1,000, or \$100. However, thanks to amnesty, all penalties are waived. Thus, overall, because of amnesty, Ethan saves a total of \$175 – through the waiver of all penalties (\$100 in this case), and the reduction in interest (\$75 in this case).

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Non-filers

13. What if I don't receive a Statement of Accounts? Can I still take advantage of amnesty?

Yes. Call us to find out why you did not receive a Statement of Accounts. Our amnesty phone number is (401) 574-8650.

If you're a non-filer (in other words, if you're not registered with us and have never filed with us), but you want to take advantage of amnesty, fill out a Tax Amnesty Return and send it to us along with a bank check or money order.

If any additional steps are required, we'll contact you. Make sure you include your full contact information on the front page of your Tax Amnesty Return.

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14. Who is not eligible for amnesty?

Amnesty will not be granted to you if:

- you're in bankruptcy;
- you're in receivership;
- you're currently under audit on a Rhode Island tax matter;
- you're currently in an administrative hearing or in court on a Rhode Island tax matter; and/or
- you're under criminal investigation for a tax matter.⁵

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15. Suppose I'm under audit or in a hearing? Is there any way I could still be eligible for amnesty?

Under certain circumstances, it is possible that a taxpayer under audit or in a hearing could be eligible for amnesty, as the following examples show:

⁵ The law also says that amnesty shall not be granted to taxpayers who are under any criminal investigation or who are a party to any civil or criminal proceeding, pending in any court of the United States or of the State of Rhode Island, for fraud in relation to any Rhode Island state tax. See Rhode Island General Laws § 44-6.5-3(d).

Open to non-filers

Rhode Island's state tax amnesty program is also open to non-filers. In other words, even if we have no record of you or of your tax liability on our books, you can still file for amnesty. For example:

- A nonresident may owe Rhode Island personal income tax for a taxable year that ended on or before December 31, 2016, but we have no record of it. That person is eligible to apply for amnesty.
- An out-of-state business with no current connection to Rhode Island may owe corporate income tax, withholding, and/or other taxes for a taxable year that ended on before December 31, 2016, but we have no record of it. That business is eligible to apply for amnesty.

How to proceed? Call us at (401) 574-8650, or email us:

Tax.Amnesty@tax.ri.gov

Example:

ABC Corp. owes Rhode Island corporate income tax for 2014 and 2015, and is current on all other years. ABC is contesting the amount owed for 2015, a matter which is now in hearing.

ABC never contested the amount it owes for 2014, and has a bill from the Division of Taxation for the amounts related to tax year 2014. In this example, ABC is eligible to apply for amnesty for corporate income tax for the amount related to tax year 2014.

Note that ABC cannot apply for amnesty for the 2015 corporate tax liability: Statutory administrative review and amnesty are mutually exclusive taxpayer remedies; you can pursue one or the other, but cannot do both.

Example:

XYZ Corp. is under audit involving corporate income tax for 2014, 2015, and 2016. The Division has issued bills for 2014 and 2015, but has not issued a bill for 2016, which remains under review. XYZ Corp. is not contesting the 2014 and 2015 amounts. In this example, XYZ is eligible to apply for amnesty for corporate income tax for the amounts related to 2014 and 2015.

Note that XYZ Corp. cannot apply for amnesty for the 2016 corporate liability; that liability has not been billed yet and so there is no due, final, and payable liability for a known amount.

Example:

Tom Taxpayer has a 2010 personal income tax liability. He has been billed for it, and has not contested it. Tom also has a sales and use tax liability for 2015, which he has contested; it is currently in court. In this example, Tom is eligible to apply for amnesty for personal income tax for the amount related to 2010.

Note that Tom cannot apply for amnesty for the 2015 sales and use tax liability: Statutory judicial review and amnesty are mutually exclusive taxpayer remedies; you can pursue one or the other, but cannot do both.

Reminder

We'll begin accepting Tax Amnesty Returns and related paperwork, including payments, on December 1, 2017.

Amnesty ends on February 15, 2018; all amnesty-related filings and payments are due on or before that date.

If you have questions about amnesty or need more information, see our amnesty website: www.TaxAmnesty.ri.gov

Or call our tax amnesty hotline at (401) 574-8650 from 8:30 a.m. to 3:30 p.m. business days. Or email us: Tax.Amnesty@tax.ri.gov

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16. What if an audit is complete, but part of the assessment was for a period in 2017, and part was for before then?

The taxpayer is eligible to apply for amnesty, but only for that portion of the assessment that applies to the period or periods prior to January 1, 2017.

Example:

We performed an audit on Echo Foxtrot Corp. for sales tax and use tax. The audit is complete and the tax has been assessed. The audit period was for July 1, 2016, through June 30, 2017. In this example, Echo Foxtrot Corp. could apply for amnesty for the portion of the assessment that applies to the period ended on or before December 31, 2016, but not for the portion that applies for periods ended on or after January 1, 2017.

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17. If I'm eligible for amnesty, must I pay everything in a single lump sum?

No. You may enter into a short-term installment payment agreement for reasons of financial hardship. We'll determine "financial hardship" on a case-by-case basis. Even if you qualify for the installment payments, all installments must be paid in full on or before February 15, 2018.

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18. What if I do not file and pay by the February 15, 2018, deadline for amnesty?

If you fail to file and pay by the February 15, 2018, deadline, you will not qualify for amnesty. That's the case whether you're paying in a lump sum or as part of an installment agreement. If you file and pay after February 15, 2018, the amount of your check or checks will be applied to your outstanding Rhode Island tax liabilities.

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19. Can a payroll company apply for amnesty on behalf of an employer? Or can another third party representing an employer apply for amnesty on behalf of that employer?

No. Only the employer can file for and obtain amnesty.

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**Reminder:
'Employer taxes'**

If you are delinquent on any Rhode Island "employer taxes," such as Rhode Island state unemployment insurance tax, amnesty is still available, but you must contact our Employer Tax section directly to obtain more information. Call (401) 574-8700 from 8:00 a.m. to 3:30 p.m. business days.

20. Is tax amnesty open only to Rhode Island residents or Rhode Island businesses or nonprofits?

It is open to any person or entity anywhere that is subject to any tax imposed by any law of the State of Rhode Island and payable to the State of Rhode Island and collected by the Rhode Island Tax Administrator.

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21. Will the waiver of penalties, reduced interest, and other benefits of amnesty also apply to nonresident individuals, businesses, and entities that qualify for amnesty?

Yes.

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22. Are any local or federal taxes involved in Rhode Island's tax amnesty?

No. Only Rhode Island state taxes are involved (and fees, as described elsewhere in this publication).

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23. If my amnesty-related paperwork is incomplete, or there are other problems associated with my attempt to obtain amnesty, will you contact me?

Yes. We will send you a letter explaining what steps you need to take to resolve the situation, and we may contact you by phone or email if you provided us with that contact information on the Tax Amnesty Return."

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24. Can amnesty be denied or revoked?

Yes. The failure to pay all of the tax and interest due will result in amnesty being revoked. In that event, civil penalties may be imposed and criminal prosecution will no longer be barred. All penalties will apply, and full interest will be charged. We may block the renewal of your driver's license, professional license, motor vehicle registration, and/or sales tax permit.

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25. If amnesty is denied or revoked, will my payment be refunded?

No. If amnesty is denied or revoked, the payments received will be applied to open accounts and will not be refunded.

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26. What can I do if I disagree with a denial or revocation of amnesty?

You can request a hearing. The request must be submitted to the Tax Administrator within 30 days after the date of mailing of the denial or revocation.

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27. Will my amnesty return(s) be audited?

Tax returns filed under amnesty are subject to verification and assessment as provided by applicable law.

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28. Will my tax return information be disclosed to the IRS or other states?

The information may be disclosed to the extent information received under amnesty is subject to the Division of Taxation's exchange agreement with the IRS or other states.

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29. Can I file for amnesty on a tax year that I am appealing or protesting?

Only if you withdraw your request or your appeal and pay the amount owed under the terms and conditions of amnesty as described elsewhere in this publication.

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30. Will any refunds be granted for penalties and/or interest paid prior to amnesty?

No.

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31. I still owe penalty and interest on previously filed returns. Does the tax amnesty period affect me?

Yes. To the extent that interest and penalty are due for a taxable period ended on or before December 31, 2016, you can file the required amnesty paperwork (as described elsewhere in this publication) with payment of interest only, and the penalty for that taxable period will be waived.

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General summary

This publication provides only a general summary of some provisions of the Rhode Island statute involving tax amnesty (and the Division of Taxation's amnesty program).

Nothing printed here in any way alters or otherwise changes any provisions of the Rhode Island General Laws, regulations of the Division of Taxation, or formal rulings.

All names used in this publication are for illustration purposes only and are used in a fictitious manner. Any resemblance to actual persons or actual entities is coincidental.

32. I have paid all of the tax and interest due. The only amount I owe is for penalty. Am I eligible for amnesty?

Yes, but you must file a signed and completed Tax Amnesty Return to qualify for amnesty and for the Division to waive the penalties.

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33. If I am granted amnesty and later my return is audited with additional tax determined to be due, is my amnesty revoked?

No. However, the audit adjustment will stand on its own and the additional tax due may be subject to the imposition of penalty and full interest. Thus, any return filed under amnesty should be as accurate as possible.

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34. I currently have an installment agreement with the Division of Taxation's Compliance & Collections Section. Can I apply for amnesty?

Yes. You can apply for amnesty on the remaining balance as long as you comply with the installment terms of the amnesty program. All installments must be paid on or before February 15, 2018.

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35. What if I owe tax or have failed to file returns, but I do not apply for amnesty?

You'll face all applicable penalties, plus 100 percent of all interest charges. You won't be able to renew your driver's license, professional license, motor vehicle registration, or sales tax permit. Also, the Tax Administrator may seek civil or criminal prosecution.

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36. I cannot afford to pay all of the tax I owe, regardless of whether it's now, or through amnesty, or after amnesty, and regardless of whether it's in a lump sum or installments: I simply do not have either the income or the resources to pay.

You may be eligible for an offer in compromise. If approved, an offer in compromise allows you to pay part of what you owe. To learn more, contact our Collections section at (401) 574-8941 from 8:30 a.m. to 3:30 p.m. business days.

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For more information

If you have questions about amnesty or need more information, see our amnesty website:

www.TaxAmnesty.ri.gov

Or call our tax amnesty hotline at (401) 574-8650 from 8:30 a.m. to 3:30 p.m. business days.

Or email us:

Tax.Amnesty@tax.ri.gov

Contact information

37. Is there information online about amnesty?

Check out our website: www.TaxAmnesty.ri.gov.

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38. What phone number may I call for more information about amnesty?

Dial our tax amnesty hotline at (401) 574-8650, from 8:30 a.m. to 3:30 p.m. business days.

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39. Can I e-mail somebody about tax amnesty?

E-mail us using the following address:

Tax.Amnesty@tax.ri.gov.

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40. Where does the money go that is raised from the tax amnesty?

The general rule is that the money goes into Rhode Island's general fund. However, money collected through amnesty involving certain specific taxes will be deposited into the fund that's directly related to that tax. For example, money collected for delinquent payments under Rhode Island's temporary disability insurance program will be deposited into the TDI Reserve Fund.

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41. Will there be a report issued about the tax amnesty?

Yes. The Tax Administrator must provide an analysis of the program to the heads of the House and Senate Finance Committees, with copies to the members of the Revenue Estimating Conference. The report is due by April 30, 2018.

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42. Will the Rhode Island Division of Taxation's voluntary disclosure program and self-audit program continue during amnesty?

Yes. Amnesty operates separate and apart from our voluntary disclosure program and our self-audit program. Each of the three programs – amnesty, voluntary disclosure, and self-audit – has different objectives, is geared to different groups of taxpayers, and has its own specific requirements.

Amnesty website

To learn more about tax amnesty, and to view and download forms and other documents and information, use our amnesty website:

<http://www.TaxAmnesty.ri.gov/>

Our voluntary disclosure program and our self-audit program operate year-round and will continue to operate during amnesty.

To learn more about the voluntary disclosure program, please use the following link:
http://www.tax.ri.gov/misc/voluntary_disclosure.php.

To learn more about the self-audit program, please use the following link:
<http://go.usa.gov/3JexQ>.

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The amnesty law

Amnesty statute

Legislation authorizing Rhode Island's tax amnesty was approved by the General Assembly and signed into law by Governor Gina M. Raimondo on August 3, 2017.

The amnesty language was included in House Bill 5175 (Substitute A, as amended), and is contained in Rhode Island Public Law 2017, chapter 302, article 8, section 17. It is to be codified at Rhode Island General Laws § 44-6.5-1 *et seq.* For the convenience of taxpayers and tax professionals, a reproduction appears below.

SECTION 17. Title 44 of the General Laws entitled "TAXATION" is hereby amended by adding thereto the following chapter:

CHAPTER 6.5

RHODE ISLAND TAX AMNESTY ACT OF 2017

44-6.5-1. Short title.

This chapter shall be known as the "Rhode Island Tax Amnesty Act of 2017."

44-6.5-2. Definitions.

As used in this chapter, the following terms have the meaning ascribed to them in this section, except when the context clearly indicates a different meaning:

(1) "Taxable period" means any period for which a tax return is required by law to be filed with the tax administrator.

(2) "Taxpayer" means any person, corporation, or other entity subject to any tax imposed by any law of the state of Rhode Island and payable to the state of Rhode Island and collected by the tax administrator.

44-6.5-3. Establishment of tax amnesty.

(a) The tax administrator shall establish a tax amnesty program for all taxpayers owing any tax imposed by reason of or pursuant to authorization by any law of the state of Rhode Island and collected by the tax administrator. Amnesty tax return forms shall be prepared by the tax administrator and shall provide that the taxpayer clearly specify the tax due and the taxable period for which amnesty is being sought by the taxpayer.

(b) The amnesty program shall be conducted for a seventy-five (75) day period ending on February 15, 2018. The amnesty program shall provide that, upon written application by a taxpayer and payment by the taxpayer of all taxes and interest due from the taxpayer to the state of Rhode Island for any taxable period ending on or prior to December 31, 2016, the tax administrator shall not seek to collect any penalties which may be applicable and shall not seek the civil or criminal prosecution of any taxpayer for the taxable period for which amnesty has been granted. Amnesty shall be granted only to those taxpayers applying for amnesty during the amnesty period who have paid the tax and interest due upon filing the amnesty tax return, or who have entered into an installment payment agreement for reasons of financial hardship and upon terms and conditions set by the tax administrator. In the case of the failure of a taxpayer to pay any installment due under the agreement, such an agreement shall cease to be effective and the balance of the amounts required to be paid thereunder shall be due immediately. Amnesty shall be granted for only the taxable period specified in the application and only if all amnesty condition are satisfied by the taxpayer.

(c) The provisions of this section shall include a taxable period for which a bill or notice of deficiency determination has been sent to the taxpayer.

(d) Amnesty shall not be granted to taxpayers who are under any criminal investigation or are a party to any civil or criminal proceeding, pending in any court of the United States or the state of Rhode Island, for fraud in relation to any state tax imposed by the law of the state and collected by the tax administrator.

44-6.5-4. Interest under tax amnesty.

Notwithstanding any provision of law to the contrary, interest on any taxes paid for periods covered under the amnesty provisions of this chapter shall be computed at the rate imposed under section 44-1-7, reduced by twenty five percent (25%).

44-6.5-5. Implementation.

Notwithstanding any provision of law to the contrary, the tax administrator may do all things necessary in order to provide for the timely implementation of this chapter, including, but not limited to, procurement of printing and other services and expenditure of appropriated funds as provided for in section 44-6.4-5.

44-6.5-6. Disposition of monies.

(a) Except as provided in subsection (b) within, all monies collected pursuant to any tax imposed by the state of Rhode Island under the provisions of this chapter shall be accounted for separately and paid into the general fund.

(b) Monies collected for the establishment of the TDI Reserve Fund (section 28-39-7), the Employment Security Fund (section 28-42-18), the Employment Security Interest Fund (section 28-42-75), the Job Development Fund (section 28-42-83), and the Employment Security Reemployment Fund (section 28-42-87) shall be deposited in said respective funds.

44-6.5-7. Analysis of amnesty program by tax administrator.

The tax administrator shall provide an analysis of the amnesty program to the chairpersons of the house finance committee and senate finance committee, with copies to the members of the revenue estimating conference, by April 30, 2018. The report shall include an analysis of revenues received by tax source, distinguishing between the tax collected and interest collected for each source. In addition, the report shall further identify the amounts that are new revenues from those already included in the general revenue receivable taxes, defined under generally accepted accounting principles and the state's audited financial statements.

44-6.5-8. Rules and regulations.

The tax administrator may promulgate such rules and regulations as are necessary to implement the provisions of this chapter.

Interest rates

Interest rates on underpayments

The following table shows interest rates that the Rhode Island Division of Taxation has charged on underpayments (delinquencies) over time.

| Interest rates on underpayments | | | |
|--|----------|--------------|---------------|
| From | To | Regular rate | Amnesty rate |
| 01/01/71 | 05/15/74 | 6.00% | 4.50% |
| 05/16/74 | 05/31/81 | 8.00% | 6.00% |
| 06/01/81 | 03/15/82 | 12.00% | 9.00% |
| 03/16/82 | 12/31/84 | 20.00% | 15.00% |
| 01/01/85 | 12/31/85 | 14.75% | 11.06% |
| 01/01/86 | 12/31/86 | 11.50% | 8.63% |
| 01/01/87 | 12/31/87 | 9.50% | 7.13% |
| 01/01/88 | 12/31/88 | 10.75% | 8.06% |
| 01/01/89 | 12/31/89 | 12.00% | 9.00% |
| 01/01/90 | 12/31/90 | 12.50% | 9.38% |
| 01/01/91 | 12/31/91 | 12.00% | 9.00% |
| 01/01/92 | 12/31/92 | 10.00% | 7.50% |
| 01/01/93 | 12/31/93 | 8.00% | 6.00% |
| 01/01/94 | 09/30/06 | 12.00% | 9.00% |
| 10/01/06 | Present | 18.00% | 13.50% |
| Some rates in table are rounded. Contact the Division of Taxation for detailed figures, including those for years before 1971. | | | |

This publication is an informal summary of recently enacted legislation about amnesty. It is also a summary of how the Rhode Island Division of Taxation administers amnesty. The summary is for general information purposes only; it is not a substitute for Rhode Island General Laws, or for Rhode Island Division of Taxation regulations, rulings, or notices. All individual and entity names used in the examples in this publication are fictitious and are used solely for illustration purposes.

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